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“Poverty at the local level: The case of Athens”*

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ABSTRACT

This article is based on the results of the sample survey of the year 2012, carried out in order to examine poverty in selected municipalities of Attica.

The method of data collection is in part based on the EU-SILC, annually conducted by the Hellenic Statistical Authority. However, there are specific questions concerning the living conditions at local level as well as questions about how households deal with the crisis.

We are going mainly to analyze and discuss questions relating to the municipality of Athens focusing on the phenomenon of poverty with a descriptive and comparative perspective using data from the sample survey, which was conducted at the second half of 2012 (800 questionnaires). The research questions are: what are the extent and the depth of poverty in Athens municipality? What are the risk groups? Who are those mostly affected by the crisis? Are there any differences with the pattern of the total population in Greece?

The analysis -mainly descriptive- is based on simple relative poverty and material deprivation indices aimed to reflect the size, the intensity and the extent of the phenomenon.

It is especially highlighted that the risk of poverty in Athens is high (20.1%) and slightly lower than that of the whole country (year 2011: 21.4%). It is also indicated that among high-risk groups are the unemployed, people with low educational level and the elderly.

Key words: poverty, social exclusion, local level.

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1. Introduction

This paper aims to identify the impact of the economic crisis on poverty at local level (Athens municipality)¹ in Greece. The research questions are: *what are the extent and the depth of poverty in Athens municipality? What are the risk groups? Who are those mostly affected by the crisis? Are there any differences with poverty rate and composition of Attiki region and with the total population in Greece?*

The answers to the above mentioned questions will be investigated through the calculation of selected poverty and material deprivation indicators.² The analysis is basically descriptive and comparative based mainly on poverty and material deprivation indices. There are only certain aspects of the problem examined, using data from the sample survey, conducted in Athens municipality at the second half of 2012 (~800 questionnaires). The basic aim of the survey is to study the households' living conditions at local level in relation to their income. The survey covered all the private households throughout the Athens municipality and was irrespective of their size or socio-economic characteristics. The sampling units are the households and their members.

The sampling design was based on the partition of the Athens municipality area into seven (7) standard administrative sub- regions or geographical zones corresponding to certain groups of building blocks or squares (n_h). In a first stage, from any ultimate geographical stratum, say stratum h , n_h primary units were drawn (where the number n_h of draws was approximately proportional to the population size X_h of the stratum (number of households according to the last population census of the year 2001).

In a second stage from each primary sampling unit (selected area) the sample of ultimate units (households) is randomly selected. Actually, in the second stage we draw a sample of dwellings.

The reliability of the data in question

The data presented is based on sample survey and face to face interviews.

One difficulty is specific for some section of the population. This is for example the case for young people aged from 16 to 24 years. Transfers within families are very difficult to measure, meaning financial help given by parents to their children for completing their studies or finding their first employment. We also do take students into account: students are taken into account with however no possibility of determining the family-internal transfers.

Besides, we do not have yet the result of the last population census for the Athens Municipality. Thus no serious reliability analysis is possible for the moment.

Briefly, the paper is divided into two parts. The first part is concerned with the description of selected methodological aspect of the data used and the at-risk-of-poverty rate; the second part presents the poverty risk groups mostly affected by the financial crisis and the main conclusions. It also underlines the significant importance of material deprivation and the so-called secondary poverty indicators (poverty at different threshold levels).

¹ AMU

² Our analysis will be limited to certain aspects of the problem, since it is not possible to trace all of its effects or delve into all such aspects.

2. Definition and measurement of poverty

Living in poverty may result in a variety of problems, from not having enough money to spend on food and clothes to suffering poor housing conditions and even homelessness. Poverty also means having to cope with limited lifestyle choices that may lead to social exclusion.³

Poverty can be defined in a number of different ways: at an aggregated level these different measures can be categorised as either relative poverty or absolute/extreme poverty. At the World Summit on Social Development in Copenhagen in 1995, absolute or extreme poverty was defined as: ‘... *a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information*’ – therefore, mainly depending on access to a range of services.⁴

The European Anti Poverty Network (EAPN) distinguishes absolute poverty and relative poverty: “Absolute or extreme poverty is when people lack the basic necessities for survival” whereas “Relative poverty is when some people’s way of life and income is so much worse than the general standard of living in the country or region in which they live that they struggle to live a normal life and to participate in ordinary economic, social and cultural activities.”⁵

The conventional view of poverty in the European Union countries is based on a relative approach that refers to *“persons, families and groups of persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State to which they belong.* As a consequence, the relative poverty threshold varies according to the country standard of living.⁶ Even if relative poverty is less extreme than absolute poverty, it should not be underestimated. Relative poverty often leads to social exclusion.

Townsend (1979: 31) introduced a relative deprivation approach to poverty that covered a wide range of aspects of living standards, both material and social: *‘Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or are at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs or activities.’*

From this starting point, poverty has two core elements: inadequate resources and inability to participate - exclusion of minimum acceptable way of life. In the first approach, poverty is defined by the lack of income, available to individuals for meeting their needs in relation to an ‘ordinary’ or ‘minimum living pattern’ in the society in which they live.⁷

³ See: http://www.european-microfinance.org/definitionexclusionsociale_en.php.

⁴ See: <http://www.un.org/esa/socdev/wssd/index.html>.

⁵ See: http://www.european-microfinance.org/definitionexclusionsociale_en.php.

⁶ See: footnote 7, for the definition of relative threshold.

⁷ The income concept used in the analysis is the annual net household disposable income, including any social transfers received and excluding direct taxes and social contributions. The reference period for income covers the previous years. The incomes of all household members and other household incomes are aggregated together, and total household disposable income is adjusted for differences in household size and composition by use of modified OECD equivalence scale which assigns a value of 1 to the first adult in the household, 0,5 to additional members over the age of 14, and 0,3 to children under 14. Incomes of all household members and any other household income are summed, and total household disposable income is adjusted for differences in household size and composition by use of the equivalence scale. The equivalised income thus calculated is then assigned to each household member. The poverty indices presented here are estimated on the basis of these figures, as measured by the proportion of the population with disposable income below 60% of the national median.

The second - direct approach focuses on material deprivation, defined usually as the enforced lack of a combination of items portraying material living conditions, such as the possession of specific durable goods, or the capacity to afford a range of basic requirements.⁸

Direct measures of poverty, living standards in particular, may be used in isolation or in combination with income. Halleröd (1995) argues that direct and indirect poverty measures should be combined to produce a more robust measure.

Poverty can also be approached from objective or subjective perspectives. Subjective poverty is the result of people's views, perceptions, preferences or feelings about their situation or well-being. A subjective method completes the picture by giving a measure of economic well-being to respondents themselves.

The concept of poverty in this study is measured with following characteristics:

- *Relative income poverty*.⁹
- *Non monetary quality of life or material deprivation* aspects.
- *Subjective poverty*, which is operationalised in terms of economic strain. In the Athens survey, respondents are asked to rate the degree of financial difficulty their household experiences in 'making ends meet', and households are identified here as subjectively poor if they report 'great difficulty' in doing so.

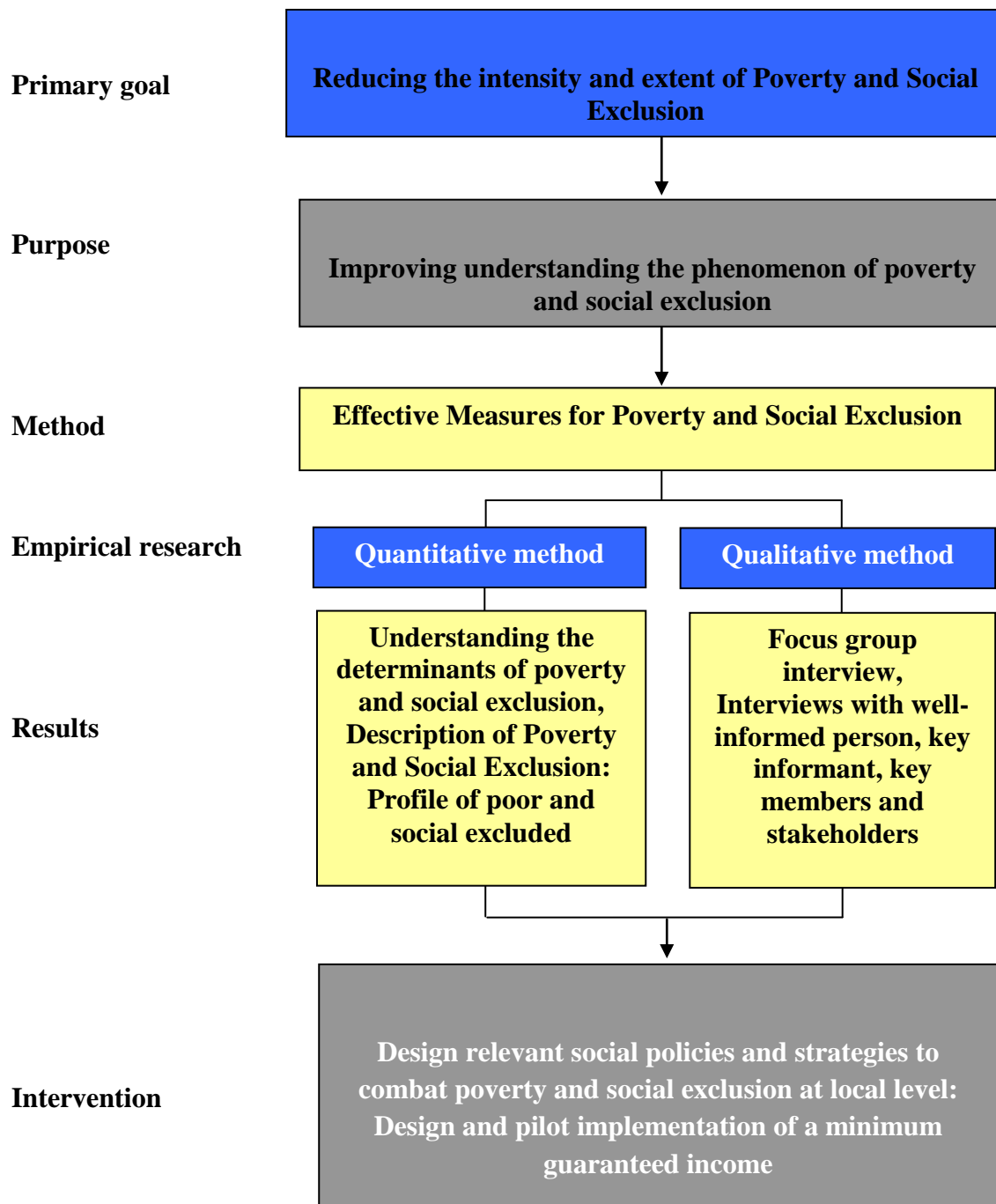
These inter-related characteristics can be used as coordinates in order to identify specific situations of poverty in Athens municipality.

Note that this relatively composite methodological framework is part of a more comprehensive framework which is going to be applied both for data collection and analysis as well as for policy design and evaluation (Figure 1).

⁸ From the EU-SILC, the material deprivation rate measures the percentage of the population that cannot afford at least three of the following nine items: to pay their rent, mortgage or utility bills; to keep their home adequately warm; to face unexpected expenses (about 540€/ month); to eat meat or proteins regularly; to go on holiday; a television set; a washing machine; a car; a telephone (Guio (2005, p. 2).

⁹ People falling below 60% of median equivalised disposable income are said to be "at-risk-of poverty". Most research studies on poverty also provide information for the *at-risk-of-poverty* rate at different thresholds (40%, 50% and 70% of the national median equivalised household income), as well as the median *at-risk-of-poverty* gap, the persistent *at-risk-of-poverty* rate, the *at-risk-of-poverty* rate anchored at a point in time (the share of the population whose income in year t is below a risk-of-poverty threshold calculated in the standard way for t-3 and then up-rated for by inflation over three years) and groups exposed to the risk of poverty.

Figure 1. Analytical Framework for Poverty and Social Exclusion at the local level



3. At-risk-of-poverty rate, poverty threshold and risk of poverty on basis of different thresholds

For the purpose of our analysis we calculate at-risk-of-poverty rates using the income of the households who are resided at the Municipality of Athens. As seen from the data presented in Table 1, the poverty threshold comes up to 4680euro per person annually and to 11232 euro annually for households with two adults and two dependent children under 14 years old. Consequently, the mean annual equivalent income comes up to 9020 euro per person and the mean annual disposable income of the households of the Municipality to 19280 euro. Comparing with the respective values for the total country we find that households in Athens municipality have on average lower incomes.¹⁰

In 2012, 20.1% of the population in Athens municipality was at risk of poverty. The above mentioned indicator, calculated with the same methodology as Eurostat, is expected to fall below the country's mean rate (21,4% in 2011).

Table 1: At risk of poverty threshold: Greece and Athens Municipality

	Greece / 2011	Athens Municipality
Poverty threshold for one-person household	6591€	4680€
Poverty threshold for households with 2 adults and 2 dependent children under 14 years old	13842€	11232
Average annual equivalised income	12637 €	9020€
Average annual disposable income	21590€	19280€
Relative median at-risk-of-poverty gap after social transfers	26.1%	22.0%

¹⁰ Recall that incomes are for different referent years and thus not totally comparable.

Table 2: At risk of poverty rate in Greece (various years): country total, regions and Athens municipality

Area / threshold	2008	2009	2010	2011	2012
Threshold 60% of median equivalised income					
Greece total	20.1	19.7	20.1	21.4	:
Attiki region	13.1	12.8	16.3	:	:
Voreia Ellada region	25.5	24.4	24.0	:	:
Kentriki Ellada region	25.6	26.4	23.8	:	:
Nisia Aigaiou and Kriti region	19.0	18.4	16.5	:	:
Athens municipality	:	:	:	:	20.1
Threshold 40% of median equivalised income (severe poverty)					
Greece total	6.7	6.6	7.3	8.2	:
Athens municipality	:	:	:	:	6.9

Using the poverty threshold of the year 2011 (decreased by 20%), without any weighting, the poverty rate in Athens municipality is estimated to be around 24%.

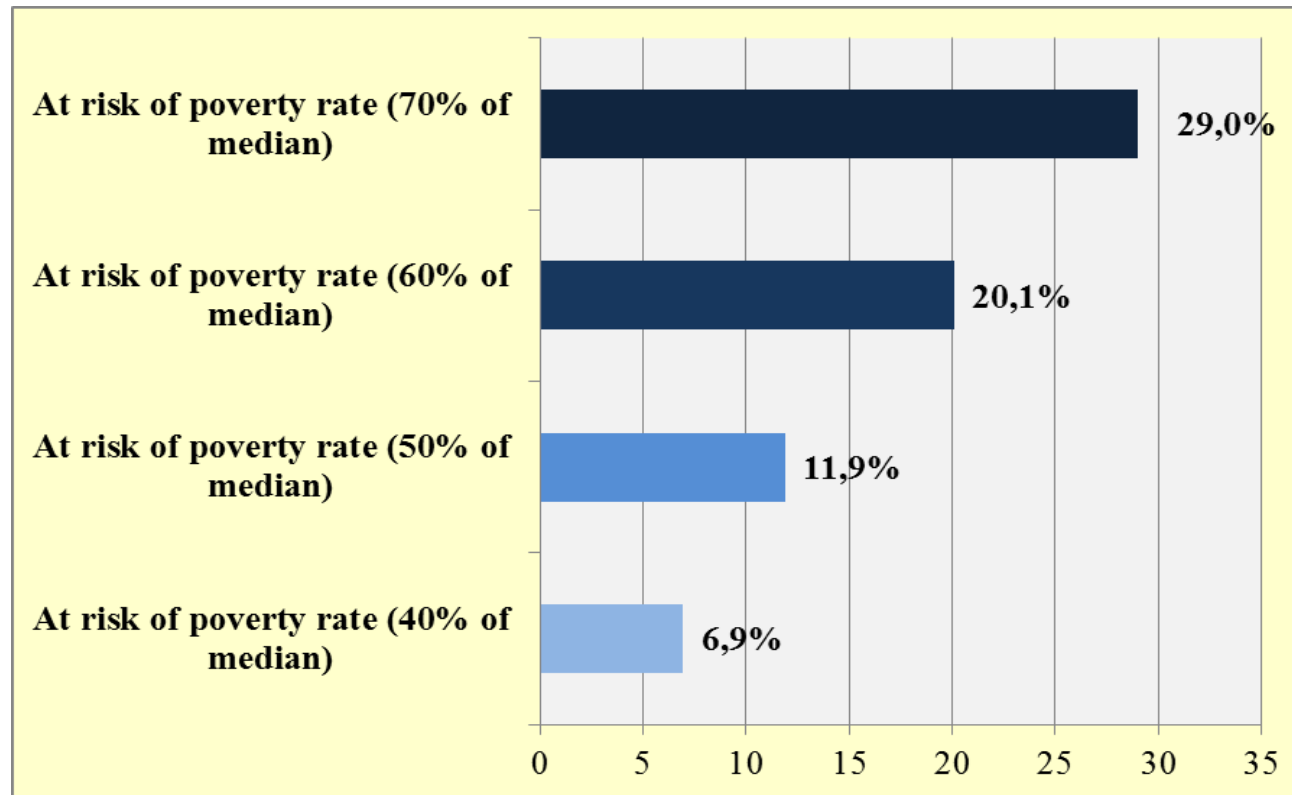
The threshold set to measure the risk of poverty is largely arbitrary. Thresholds set at 40%, 50% and 60% of the median equivalised income are the ones most commonly used. The variation in the rates calculated by using these different thresholds give an indication of the distribution of income at the lower end of the income scale -whether, for example, it is concentrated just below the 60% threshold or more widely dispersed with many people having very low income levels.

More precisely, the difference between the rates at 50% and 70% shows how many people are concentrated just below or just above the conventional indicator of 60%. In Greece, for example, relatively few people are clustered around the conventional threshold in 2011 (21.4%). If a 50% or 70% threshold is used the respective rates are 14.2% and 28.6%.

A similar picture is derived for the AMU. Namely if a 50% or 70% threshold is used the respective rates are 11.9% and 29.0%. As a consequence, when we compare the poverty rates for the Greek total population in 2011 and the respective rates for AMU in 2012, both the at-risk of poverty rates using the 60% and 50% threshold are significantly different in a statistically sense but not the threshold of 70%.

However it has to be mentioned that more than 8% of the population in Athens is just below and just over the conventional poverty threshold (Figure 2).

Figure 2. Risk of poverty on basis of different thresholds



4. Key statistical findings

4.1. Poverty

In Greece there have been changes in the distribution of poverty, *with a relative decline in the proportion of the elderly, and an increase for those with low education, the unemployed, young people, single parents and migrant labourer*. The numbers of children living in poverty has also increased - one in three children in Greece lives in households with below 60 per cent of median equivalised income.

For the total Greek population, groups most vulnerable to poverty include:¹¹

- The risk of poverty is highest for the unemployed men (48.6%). Unemployed women also are among the high at-risk-of-poverty groups: The rate reached 39.4% in 2011.
- The rate is very high for Third Country Nationals (46.9%).
- Families with children are also traditionally vulnerable to poverty.
- The poverty risk for those with low education increased from 28.7% in 2008 to 31.9% in 2011.
- The private rented sector is now at the poverty front line (25.9%).
- In 2011, members of households in thinly populated areas are threatened by poverty (24.7%) to a greater degree than those in intermediate urbanized areas (20.4%) and in densely-populated areas (18.4%).¹²

4.2. High risk groups at Athens Municipality

The breadth and depth of poverty is significant and continuing but not equally shared; some groups are more likely than others to find themselves in poverty. Therefore, families living in poverty face lifelong consequences with respect to future social and economic prospects. “Traditional” risk groups constitute the elderly, the unemployed and the immigrants who are hit the hardest.

Poverty according to age

Children under 17 years

20.3 % of children under 17 years are poor in Athens Municipality (AMU). There are just poor because they live in a poor family. Either the family income is too low (low salaries, unemployment, job instability, part-time), or there are too many family members sharing one or two incomes (Figure 3).

Working-age adults

18.0 % of sampled population aged between 18 and 64 years are poor. This poverty rate is well below the average rate including all age groups. The data on poverty in

¹¹ Reference year, 2011.

¹² According to the Hellenic Statistical Authority (2010, p. 5), classification is as follows:

a. High-density area: an area with more than 500 inhabitants per square kilometer and a population of, at least, 50,000 people.
b. Medium-density area: an area with more than 100 inhabitants per square kilometer, which either has a total population of, at least 50,000 people or is adjacent to a high-density area.
c. Scarcely populated area: an area which does not fall into either of the previous two categories.

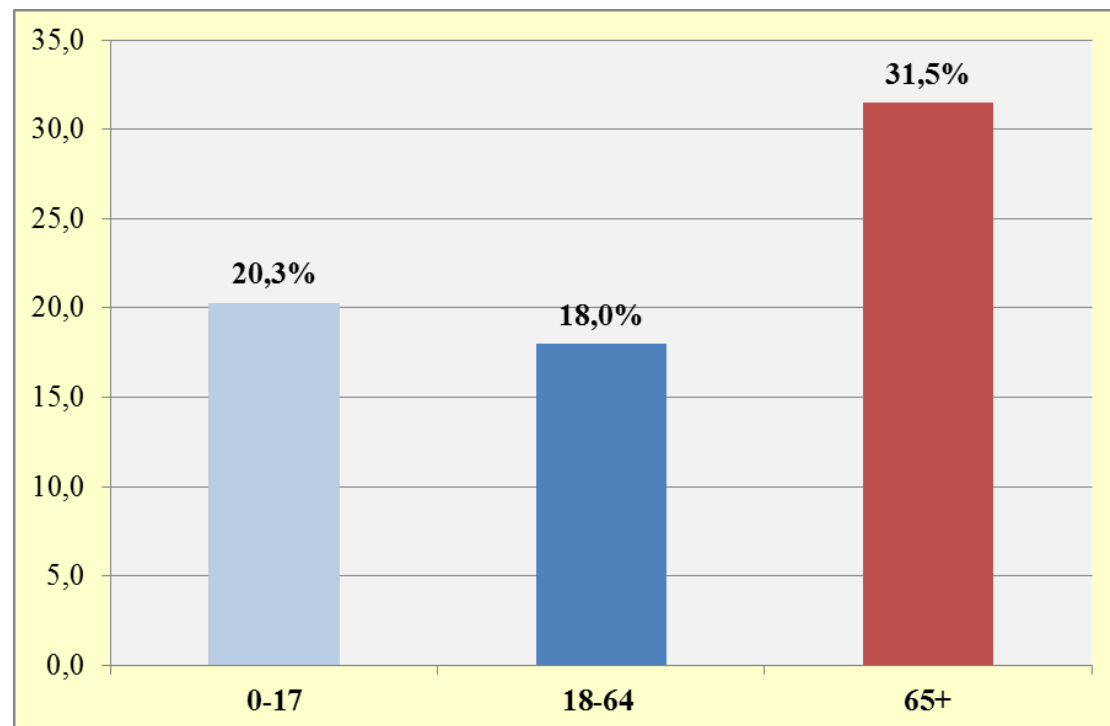
this age group reflect without doubt more appropriately the situation in the AMU, because they are less sensitive to methodological differences (Figure 3).

The elderly

Traditionally the elderly are also seen as a vulnerable group, because their economic wellbeing largely depends on a number of factors including the adequacy of the pension systems for current pensioners and the age and gender structure of the elderly population, since elderly women and the very old tend to face much higher risks. In Greece, among those aged 65 and over the at-risk-of-poverty rate fell between 2008 and 2010 to 21.3 % (from 22.3% in 2008), but then increased between 2010 and 2011 to 23.6%. In contrast, the average at-risk-of-poverty rate for over 65s in the EU decreased significantly between 2008 and 2011 (from 19% to 15.8%). However, for many years before the crisis, the at-risk-of-poverty rate for the elderly population and for women was decreasing.

In 2012, 31.5 % of the Athenians aged 65 years or more are poor. The living standard of the retired depends on the pensions they receive. The amount depends on their former professions and their income level: Those who held a low-skilled employment or who worked part-time or those with incomplete careers (especially women), often receive lower pensions (Figure 3).

Figure 3. At risk of poverty rate by age groups



Poverty according to gender, household size and educational level of the head of the household and tenure status

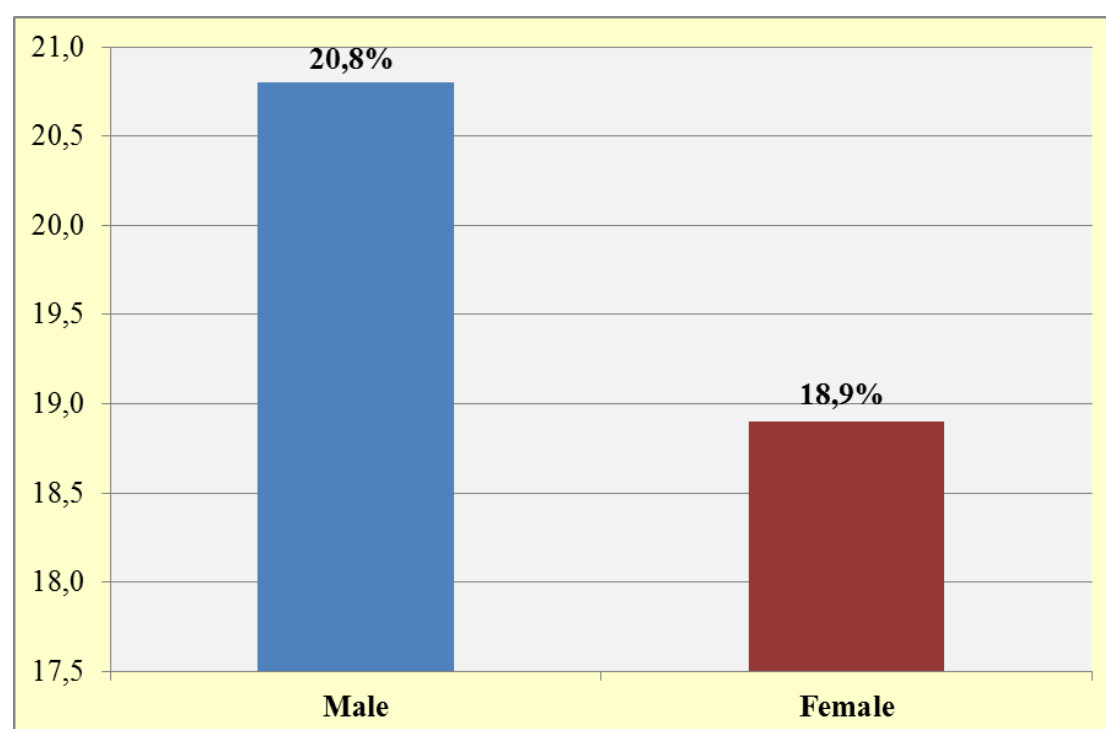
Across the AMU, the poverty rate of males is higher than of females: it is at 20.8 % against 18.9 % for female. This is a controversy with the situation observed for the total country where, the rates for females have consistently been higher than those for males.¹³ It seems that due to the crisis, females who traditionally spend more time providing unpaid care for children or elderly family members are more likely to take time out of work or work part time to help the dependent in the family (Figure 4).

The households most affected by poverty in AMU are those who have a relatively large size. Actually 28.8% of households with five or more members are affected by poverty in 2012. 25.2 % of households consisting of four persons are poor, slightly below are 22.1 % of persons living in households with three members and 19.3 % of the households consisting of two members, and at last 12.9 % for households of one adult over 18 years old (Figure 5).

We also see that low-education people are affected by the crisis as 37.5% are at risk of poverty. However it seems that education protects from poverty as only 9.4% of those having a tertiary educational level are at risk of poverty (Figure 6)

At-risk-of poverty rate for households that reside in owned dwelling is 16.7% and increases to 21.9% if there have any financial obligations (loan, mortgage, etc.). For those residing in rented dwelling the risk of poverty for status comes up to 26.3% (Figure 7).

Figure 4. At risk of poverty rate by sex of the head of the household



¹³ This has to do with the fact that women still retain primary responsibility for home and family.

Figure 5. At risk of poverty rate by household size

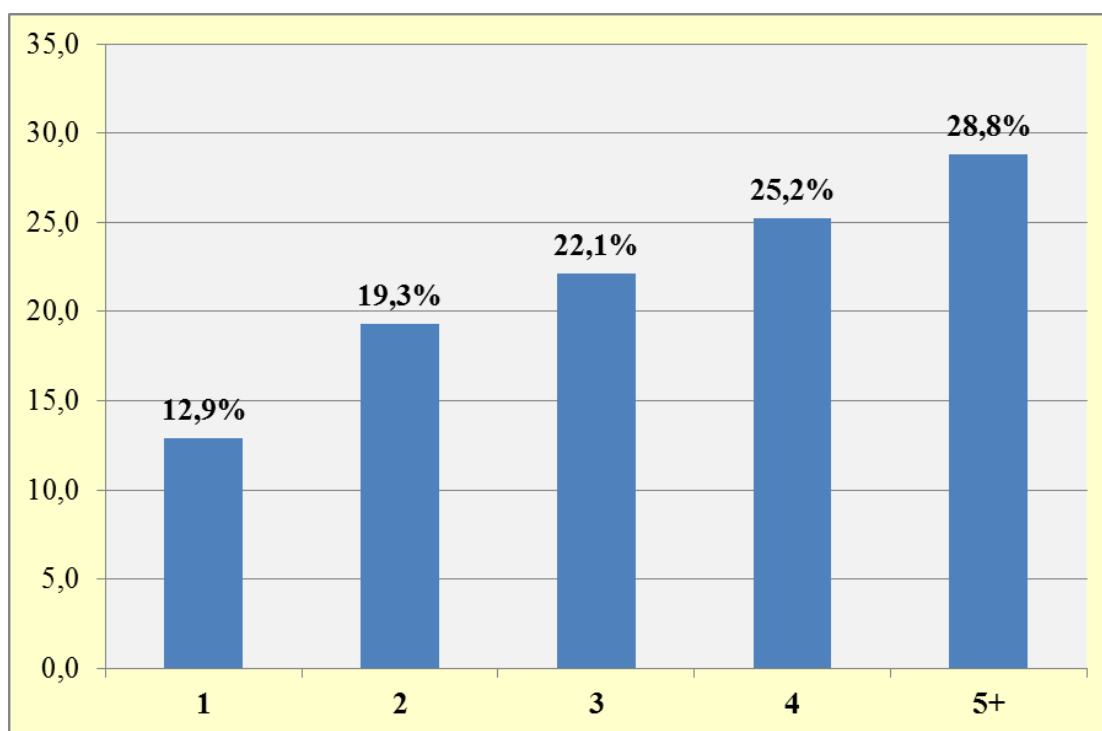


Figure 6. At risk of poverty rate by educational level (only for the head of the household)

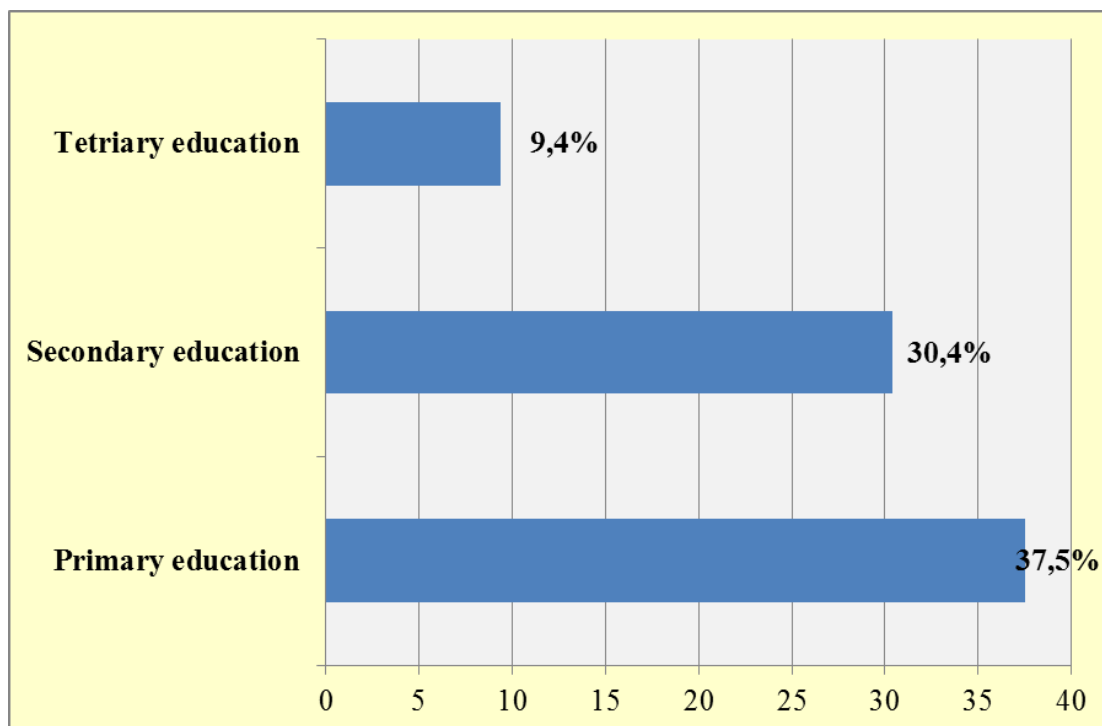
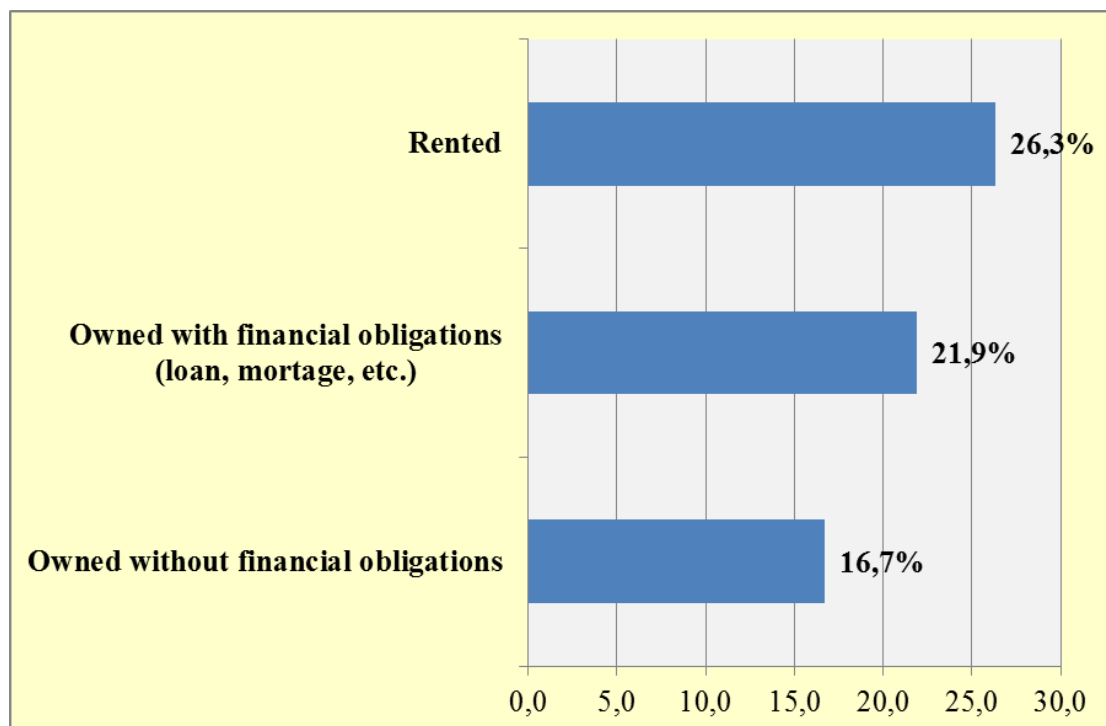


Figure 7. At risk of poverty rate by accommodation tenure status



At-risk-of-poverty rate, by most frequent employment status, in-work at-risk-of-poverty rate (by full time/part time work)

In AMU, persons in employment risk from poverty are less than persons in unemployment and economically inactive (pensioners, persons fulfilling domestic tasks and care responsibilities etc). The risk of poverty rate for persons in employment comes up to 13.6%, to 27.4% for retired persons to 26.5% for other economically inactive and for persons in unemployment it comes up to 43.9% (Figure 8).

Salary cuts, deregulation of business, privatization of state owned business, elimination of trade barriers, reduction/dismantling of the welfare state and restructuring the national workforce in order to increase industrial and economic flexibility erode the middle class, creating a growing “working poor” population. Not only workers on the margins of labour markets (low educated and low skilled workers) but even skilled workers lose their jobs as they may now be at best condemned to relegate into the unskilled sector through a process of declassification, or very often into recurrent unemployment. Having a job seems to be the best way out of the poverty risk, but it does not necessarily offer protection against poverty.

In-work poverty is a complex situation as it usually refers to the overall income of a household – in which at least one person works – in relation to the number of people dependent on the household income. This is clearly depicted at Figure 9, where workers with dependent children (16.1%) who live in large size households (21%) predict the highest poverty rates.

Many studies point out that in-work poverty is very high in almost all European countries (Employment and Social Developments in Europe 2012).

Figure 8. At risk of poverty rate by most frequent employment status (only for the head of the household)

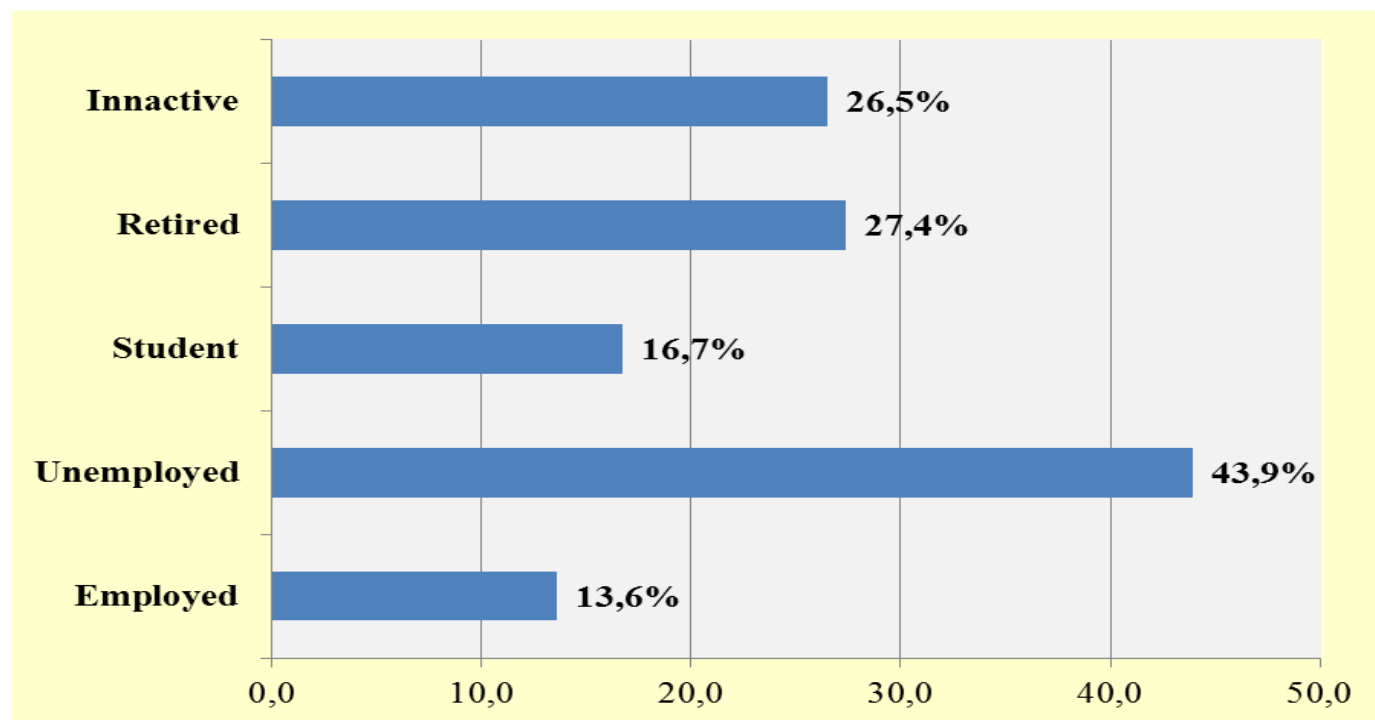
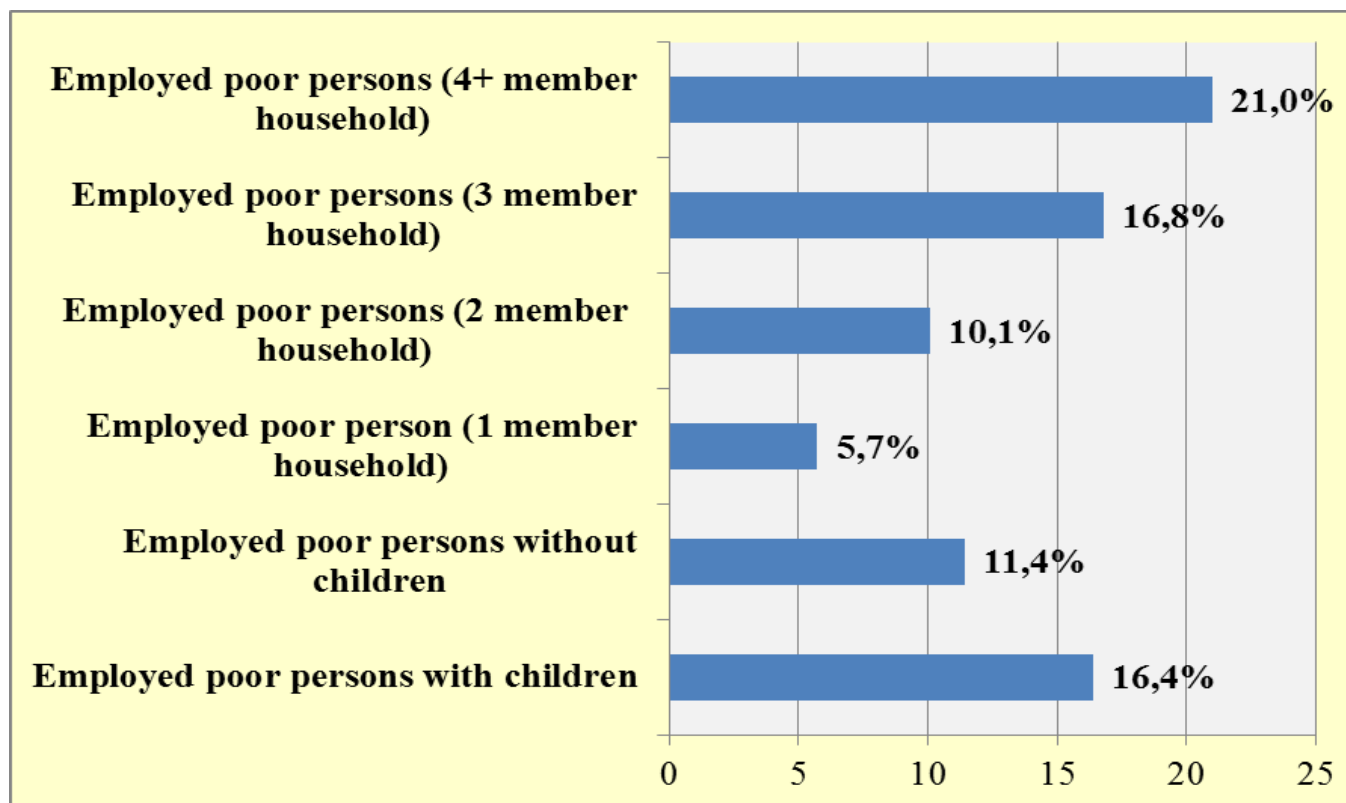


Figure 9. In work poverty by household size and dependent children (or not) in the household



5. Subjective poverty, quality of life (selected indicators) and future expectations

There is one question in the questionnaire used in the Athens population that could represent a subjective measure of poverty. Thinking of your household's total monthly income, is your household able to make ends meet? Possible responses are "*With great difficulty, With difficulty, With some difficulty, Rather easily, Easily or Very easily*".

Figure 10 shows that there is in AMU a high proportion of people living in households with great difficulty (19%) or difficulty (24.8%) making ends meet. In Greece –country total, the proportion of people experiencing difficulty in making ends meet rose from 20% in 2008 to 25.6% in 2011.

Note that a household may not be able to make ends meet even though it is not in income poverty. Some households who on the other hand are in income poverty may say that they are able to make ends meet but only by going short of necessities – living below what is an acceptable standard. So in addition we used some questions that are more close to quality of life or material deprivation.

Respondents were asked each of the following questions:

1. Can the household afford keeping its home adequately warm?
2. Can the household afford to buy a refrigerator?
3. Can the household afford to buy a washing machine?
4. Can the household afford to buy a microwave?
5. Can the household afford to buy a telephone?
6. Can the household afford to buy a television?
7. Can the household afford to buy a PC?
8. Can the household afford to have access to the internet?
9. Can the household afford to buy a car?

Table 3 gives the proportion in Athens Municipality lacking each of these items.

More specifically, the 9.6% of the poor Athenians cannot afford to keep home adequate warm, while 19.1% do not have a microwave. The 25.5% of poor households, the 9.4% of non poor households do not have a car, while the 13.4% of poor population and the 4.0% of non poor do not have a personal computer (Table 3).

Table 3. Selected quality of life indicators

Quality of life – Percentage of household that cannot afford:	Poor (%)	Non-poor (%)
Ability to keep home adequately warm	9.6	1.9
Not being able to afford to buy a refrigerator	0,2	0.6
Not being able to afford to buy a washing machine	3.2	1.8
Not being able to afford to buy microwave	19.1	4.3
Not being able to afford to buy a telephone	3.8	0.5
Not being able to afford to buy a television	1.9	0.5

Not being able to afford to buy a PC	13.4	4.0
Not being able to afford to have access to internet	17.2	4.7
Not being able to afford to buy a car	25.5	9.4

Middle-income households are also coming under increasing pressure as a result of the crisis. Poverty (and unemployment) has risen significantly and is affecting people who were not at risk in the past. More than 60% of the poor and the non-poor population in AMU stated that the situation is going to get worsen, showing thus their pessimistic view about the near future (Figure 10).

Figure 10. Subjective poverty: making ends meet

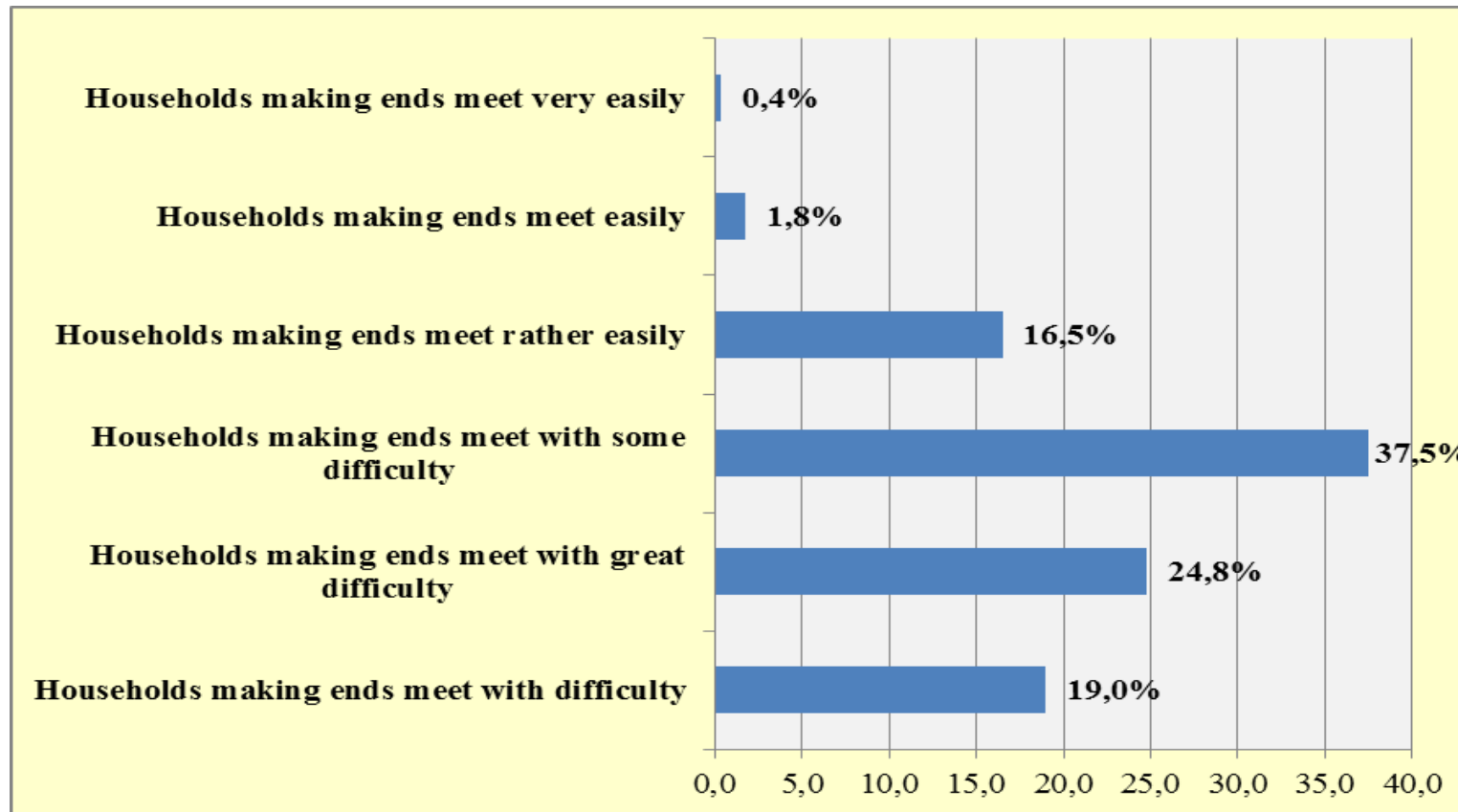
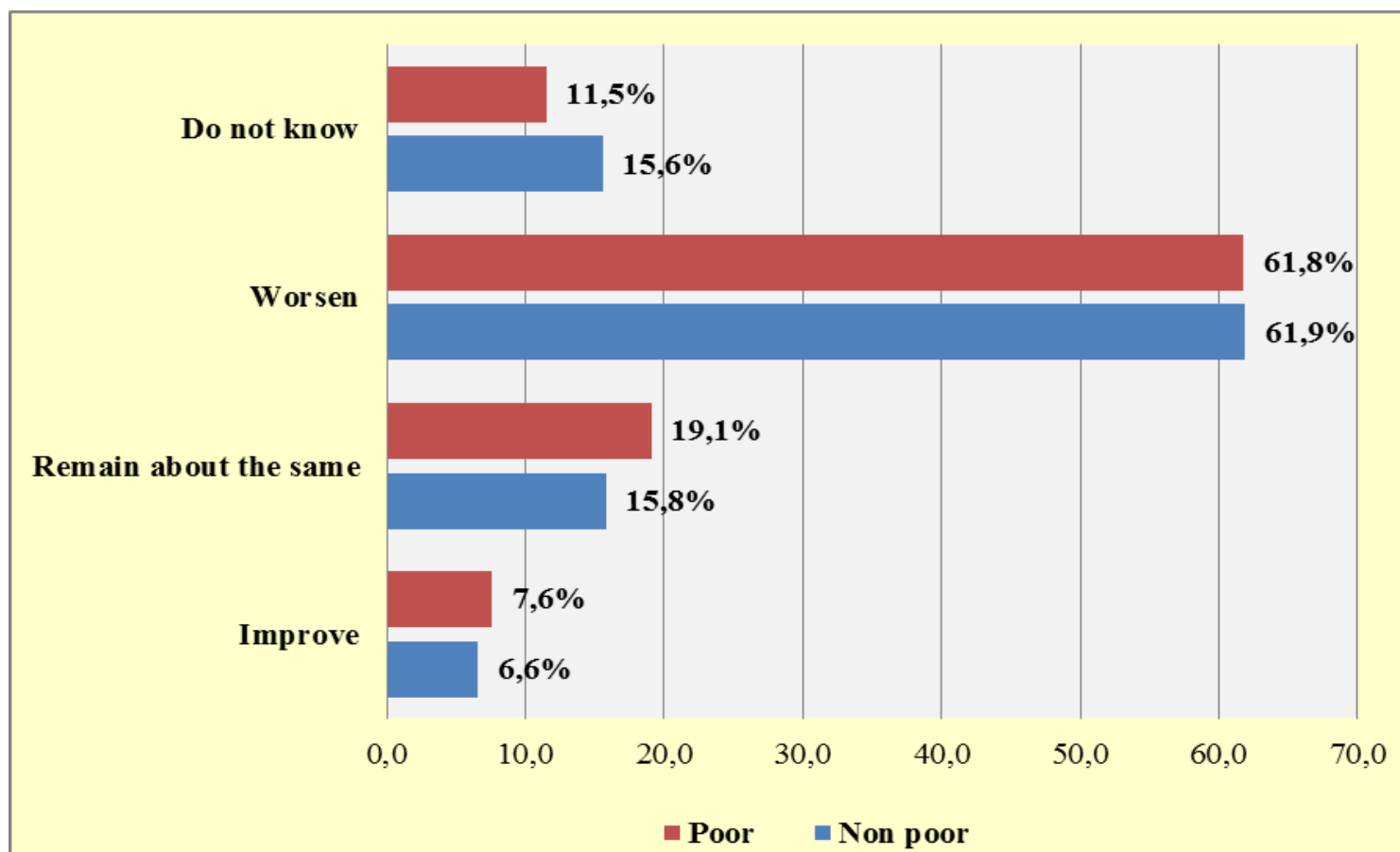


Figure 11. Expectations concerning country's economic situation



6. Conclusions and main findings

The European Union social indicator package includes only one indicator of poverty or strictly speaking an indicator of the risk of monetary poverty. In our view the relative income measures presently used to estimate poverty rates are insufficient. Income measure alone is an indirect measure and should be used with other direct or subjective measures in order to have a better understanding and more reliable view than purely income.

Overall, the poverty profile presented in this paper reveals that poverty in Athens Municipality has important demographic and socio-economic dimensions that are in line with the findings of other poverty studies in Greece. On the one hand, poverty rates are quite low among the well educated and among those who participate in the labour market. On the other hand, poverty increases with age and with household size. More precisely, the main conclusion of the previous analysis is that both poverty and deprivation constitute a serious problem for the population living in Athens. The at risk-of-poverty population comprises:

- The unemployed persons (43.9%)
- People with primary education (37.5%)
- Persons aged 65+ years (31.5%)
- People living in rented household (26.3%)
- Households with large size four (25.2%) or more than five members (28.8%)
- The retired (27.4%) and other inactive persons (26.5%)
- Households without working members and large size (21.0%)
- Children aged 0-17 years (20.3%)

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